

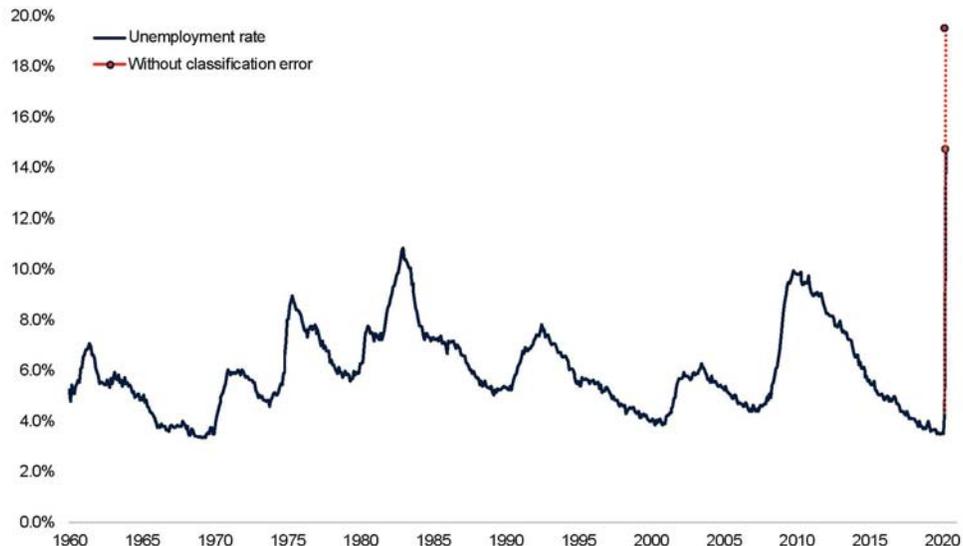
City of Prescott Fiscal Year 2021 Budget



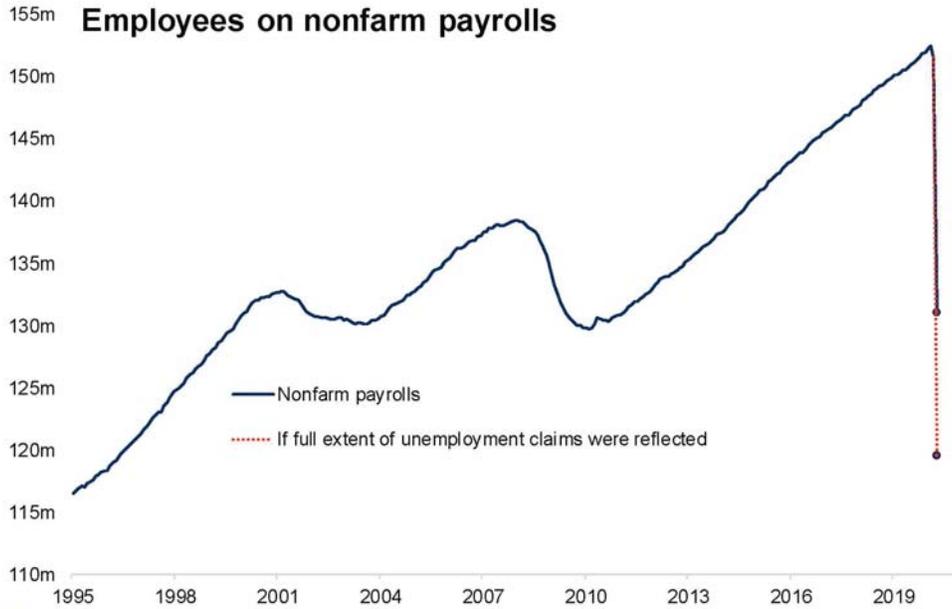
Annual Budget Workshop – May 19, 2020

Unemployment jumped

The unemployment rate

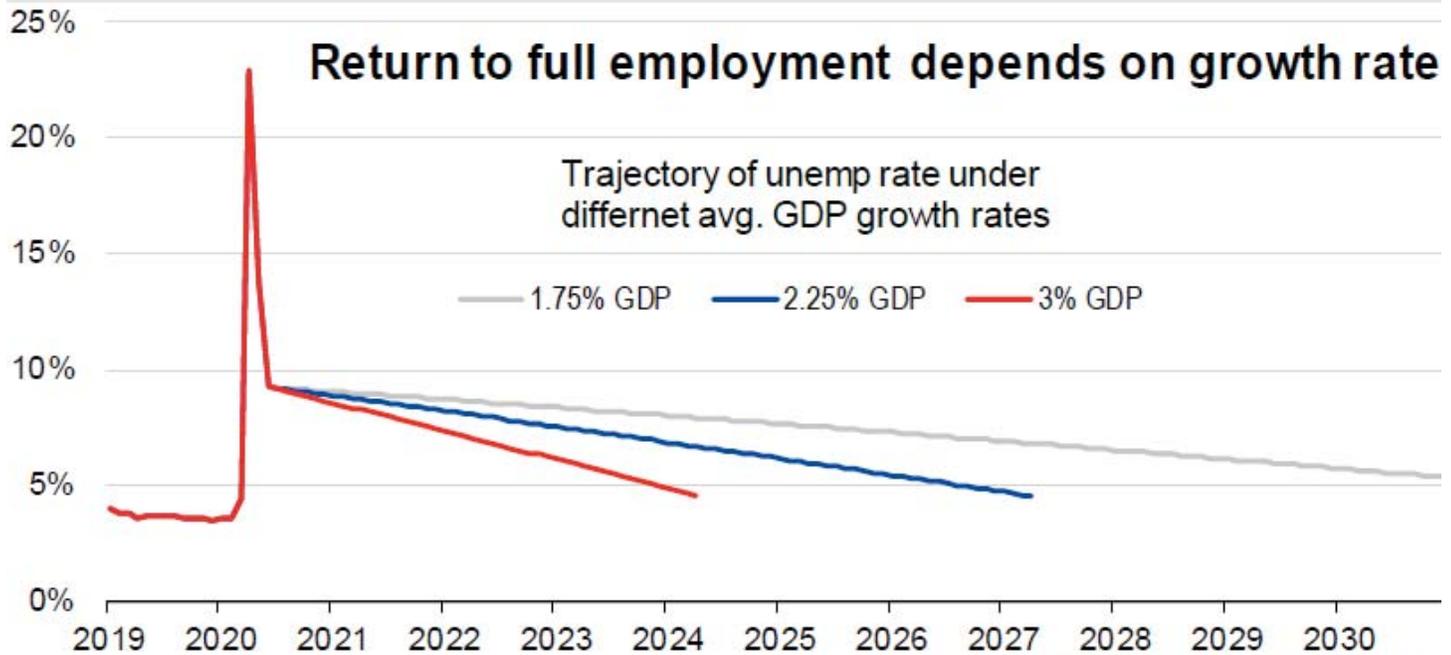


Decades of job growth reversed



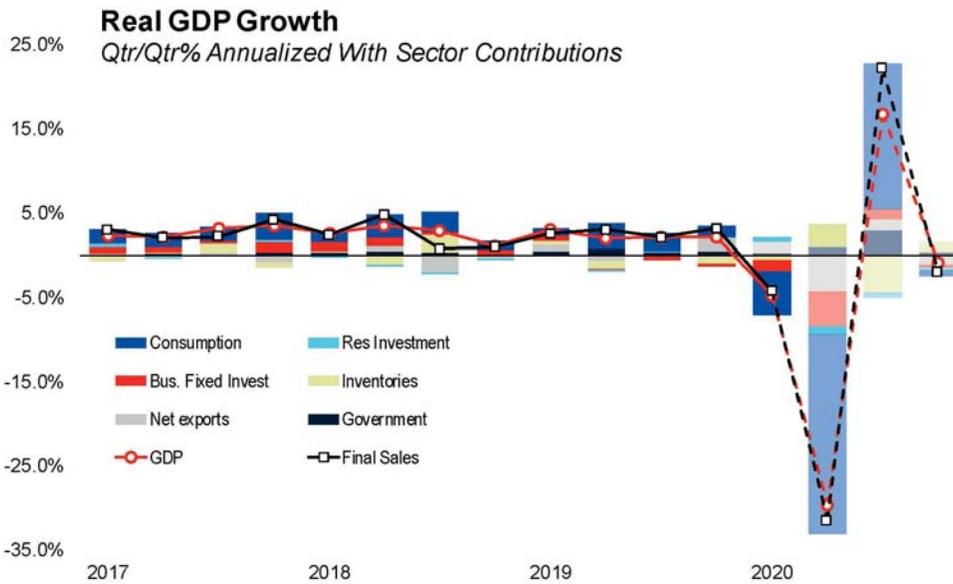
Source: Bureau of Labor Statistics, Department of Labor and FHN Financial 9

Return to full employment depends on growth rate



Source: Bureau of Labor Statistics and FHN Financial

Real GDP ends 2020 down 6%



FY21 Council Budget Process to Date

- 12/17/19 Strategic Planning Work Shop
- 02/25/20 FY20 Mid-Year Budget and FY21 Preliminary Look
- 12/13/19 to 03/06/20 Department planning and submission of budget information and requests
- 03/06/20 to 05/08/20 City Manager and Budget Department review and formation of FY21 Proposed Budget
- 05/19/20 *Annual Council Budget Workshop*
- 05/26/20 Annual Council Budget Workshop Part 2 (If needed)

Budget Presentation Approach

- The FY21 Proposed Budget, detailed by department and fund as well as the detailed capital plan, is available on the City website with a link on the home page.
- The Proposed Budget is structured to maintain service levels while facing uncertain revenue losses.
- There are contingencies in the budget to enable Council to respond when the extent of the economic impact becomes known.
- The capital projects presentation will focus on Utility projects.
- City staff is available if the Council or the public have questions on the detailed FY21 Proposed Budget and capital plan. Contact Jodi Rhodes at 777-1247 to setup an appointment.

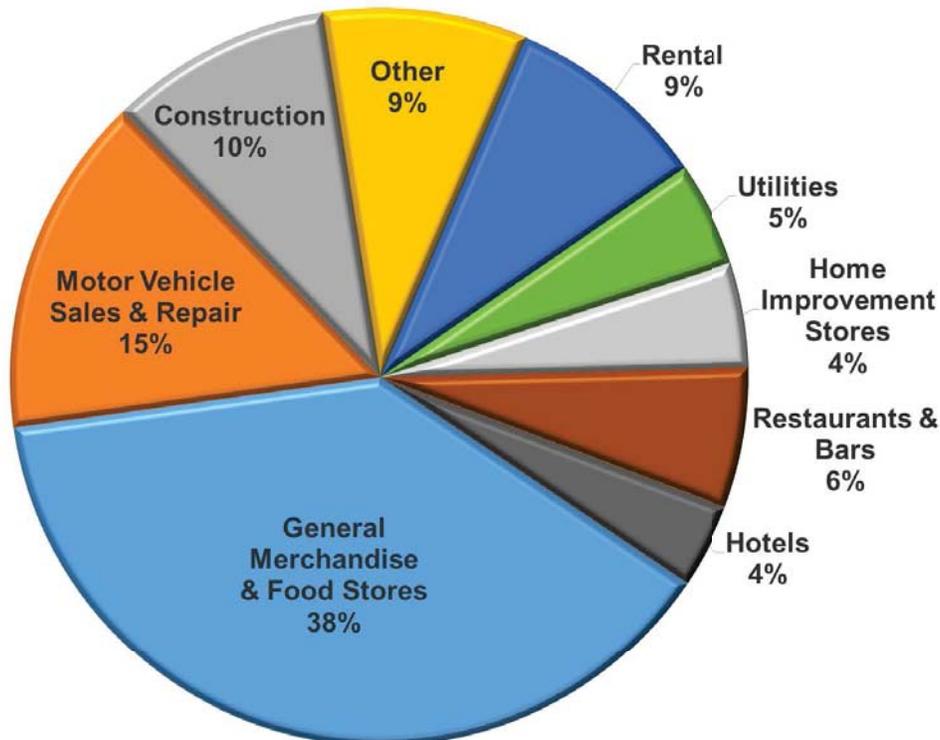
FY21 Budget Summary

- No annual merit or other employee pay increases are authorized in the budget. If revenues recover a contingency has been included to allow Council to reinstate the annual merit.
- No new positions or conversion of temp employees to permanent are authorized in this budget.
- \$19 Million of projects have been deferred or placed on hold depending on revenue recovery. These include:
 - Vehicle replacements including Police patrol, building inspection, and other departments
 - Facilities repair including City Hall roof and Parking Garage stair replacement
 - Recreation improvements including lower Goldwater Lake and Granite Creek Corridor
 - Street projects such as the Pavement Preservation Program and Penn Avenue/Eastwood Drive Reconstruction

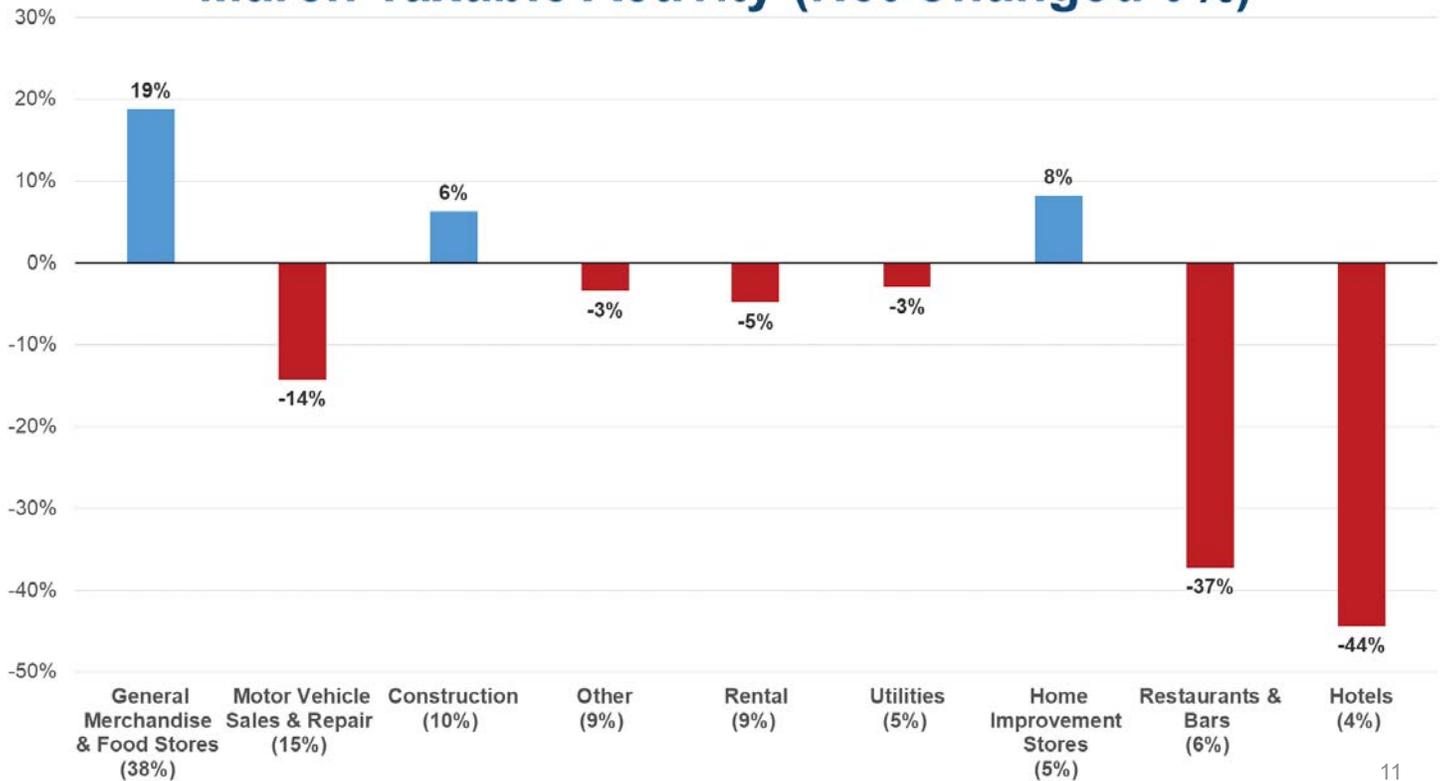
Proposed Total City Budget

	<u>FY20</u>	<u>FY21</u>	<u>%</u>
	<u>Budget</u>	<u>Budget</u>	<u>Change</u>
Operating Budget			
General Operations	\$ 99,383,692	\$ 98,211,340	-1.2%
PSPRS 0.75% Tax	12,853,928	10,875,000	-15.4%
Contingency	4,100,000	5,100,000	24.4%
Capital Budget	103,731,302	87,548,251	-15.6%
Total	\$ 220,068,922	\$ 201,734,591	-8.3%

Composition of Tax by Sector



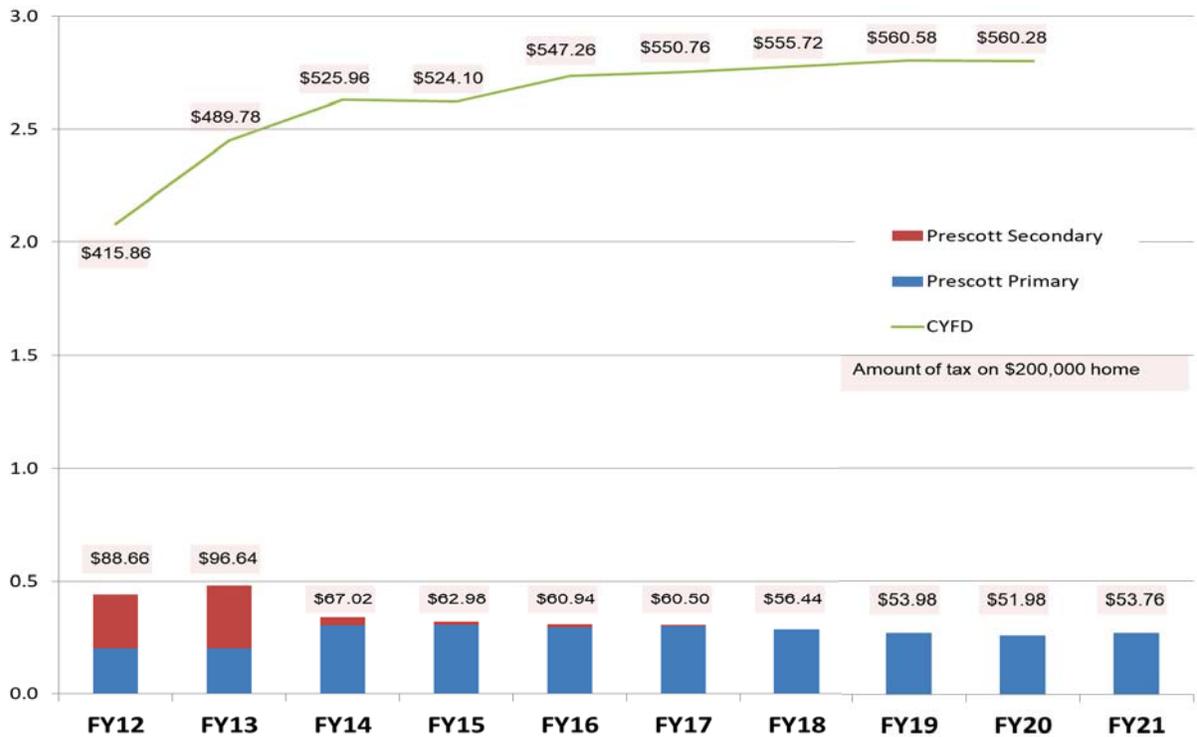
March Taxable Activity (Net Changed 0%)



Tax Revenue Projections

	FY20 Budget	FY21 Budget	Change	%
Local Taxes				
Sales Tax - General Fund	\$ 17,140,000	\$ 14,500,000	\$ (2,640,000)	-15%
Sales Tax - Streets Fund	17,140,000	14,500,000	(2,640,000)	-15%
Sales Tax - PSPRS Fund	12,853,928	10,875,000	(1,978,928)	-15%
Bed Tax	1,100,000	800,000	(300,000)	-27%
Property Tax	1,795,908	1,977,052	181,144	10%
Utility Franchise Tax	1,690,000	1,720,000	30,000	2%
Share of State Revenues				
State Income Tax	5,601,127	6,290,965	689,838	12%
State Sales Tax	4,545,164	4,147,790	(397,374)	-9%
Vehicle License Tax	3,148,451	3,282,358	133,907	4%
HURF	3,685,989	3,313,592	(372,397)	-10%

Property Tax Comparison



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General Fund Operating Budget

	FY20 Budget	FY21 Budget	Budget Changes	% Change
Non Departmental	\$ 6,483,056	\$ 5,620,000	\$ (863,056)	-13.31%
City Council (net of cost recovery)	49,529	46,141	(3,388)	-6.84%
City Clerk (net of cost recovery)	146,443	123,744	(22,699)	-15.50%
City Court	629,985	619,560	(10,425)	-1.65%
City Manager (net of cost recovery)	326,327	326,203	(124)	-0.04%
Legal Department (net of cost recovery)	232,557	232,556	(1)	0.00%
Budget & Finance (net of cost recovery)	500,617	346,246	(154,371)	-30.84%
Economic Development	303,300	232,518	(70,782)	-23.34%
Community Development	1,958,886	1,727,310	(231,576)	-11.82%
Parks & Recreation	3,425,021	3,424,271	(750)	-0.02%
Library	2,354,052	2,352,380	(1,672)	-0.07%
Police	11,621,507	11,490,856	(130,651)	-1.12%
Fire	9,120,343	8,939,556	(180,787)	-1.98%
Facilities	149,753	106,505	(43,248)	-28.88%
Total Operating Expenditures	\$ 37,301,376	\$ 35,587,846	\$ (1,713,530)	-4.59%

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PSPRS Funding

	FY18 <u>Actual</u>	FY19 <u>Actual</u>	FY20 <u>Projected</u>	FY21 <u>Budget</u>
3/4 cent Dedicated PSPRS Tax	\$ 6,000,000	\$ 12,650,000	\$ 12,375,000	\$ 10,875,000
General Fund - Fund Balance	11,000,000	-	-	-
Proceeds from				
Sale of Fire Station #7	579,625	-	-	-
Sale of Hotshot Buggies	25,000	-	-	-
State Contribution Hotshot Liability	1,000,000	2,000,000	1,000,000	1,000,000
Total Additional Payment to PSPRS	18,604,625	14,650,000	13,375,000	11,875,000
PSPRS Annual Required Contribution (ARC) from General Fund and Other Operating Funds				
Normal Cost	1,878,183	1,533,576	1,157,391	1,081,903
Unfunded Liability	6,826,639	6,434,615	5,184,950	4,322,249
Total ARC	8,704,822	7,968,190	6,342,341	5,404,152
Total Contribution to PSPRS	\$27,309,447	\$22,618,190	\$19,717,341	\$17,279,152

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Total Revenues (All Funds)

	FY20 <u>Budget</u>	FY21 <u>Budget</u>	%
			<u>Change</u>
Operating Revenues			
Sales (Privilege) Tax 2%	\$ 34,286,600	\$ 29,009,750	-15%
PSPRS Dedicated 0.75% Tax	12,853,928	10,875,000	-15%
Transient Lodging (Bed) Tax 3%	1,100,000	800,000	-27%
Property Tax	1,795,908	1,977,052	10%
Franchise Tax	1,690,000	1,720,000	2%
Intergovernmental	17,545,731	17,598,855	0%
Licenses & Permits	1,358,900	1,154,200	-15%
Governmental Service Charges	4,928,210	4,530,169	-8%
Fines & Forfeitures	458,250	459,400	0%
Utility Services	35,360,327	36,806,482	4%
Solid Waste Services	8,395,120	8,666,320	3%
Airport Services	1,787,896	1,791,919	0%
Golf Course Services	3,145,250	3,150,407	0%
Internal Service	7,268,992	6,895,461	-5%
Other	1,347,826	1,403,776	4%
Operating Subtotal	133,322,938	126,838,791	-5%
Non-operating Revenues			
Grants	16,746,079	26,589,981	59%
Debt Proceeds	32,373,709	21,688,000	-33%
Total	\$ 182,442,726	\$ 175,116,772	-4%

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Total Expenditures (All Funds)

	FY20	FY21	%
Operations	Budget	Budget	Change
General Government	\$ 4,861,869	\$ 4,135,615	-15%
Community Development	1,971,886	1,996,377	1%
Fire	9,553,988	9,576,709	0%
Library	2,413,600	2,429,088	1%
Police	12,368,781	12,275,077	-1%
Public Works	47,139,043	47,337,814	0%
Recreation Services	7,372,925	7,394,225	0%
Fleet & Facilities	4,290,686	4,112,264	-4%
Regional Communications	1,358,031	1,479,769	9%
Non-departmental	23,436,984	21,595,000	-8%
Airport	1,569,827	1,854,402	18%
Subtotal Operations	<u>116,337,620</u>	<u>114,186,340</u>	-2%
Capital			
Public Works	81,852,629	60,278,786	-26%
Airport	13,471,500	21,146,773	57%
Recreation	2,342,835	1,888,485	-19%
Other	6,064,338	4,234,207	-30%
Subtotal Capital	<u>103,731,302</u>	<u>87,548,251</u>	-16%
Total Budget	<u>\$ 220,068,922</u>	<u>\$ 201,734,591</u>	-8%

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Bed Tax Fund Budget Comparison

	FY20	FY21	Change
Tourism Office - Sales/Marketing/Admin	\$ 610,348	\$ 519,951	\$ (90,397)
Tourism Grant Allocations	80,000	35,000	(45,000)
Whiskey Offroad	60,000	34,000	(26,000)
Airport Service Media	20,000	10,000	(10,000)
Courthouse Lighting	30,000	30,000	-
Prescott Frontier Days Rodeo	30,000	35,000	5,000
Prescott Downtown Partnership/SCS	45,000	45,000	-
Parks Tourism and Open Space	40,000	40,000	-
PAACH - Arts and Cultural Grants	-	35,000	35,000
Museum Support			
Sharlot Hall Utilities	10,000	10,000	-
Sharlot Hall Marketing Support	25,000	15,000	(10,000)
Phippen Marketing Support	15,000	15,000	-
Smoki Marketing Support	15,000	15,000	-
Contingency	329,780	-	(329,780)
Operating Expenditures	<u>1,310,128</u>	<u>838,951</u>	<u>(471,177)</u>
Operating Transfer			
Events Overtime (transfer to General Fund)	25,000	18,000	(7,000)
Parking Garage (transfer to General Fund)	20,000	20,000	-
Airport Events (transfer to Airport Fund)	30,000	25,000	(5,000)
Downtown Courtesy Can	36,276	36,276	-
Operating Transfer	<u>111,276</u>	<u>99,276</u>	<u>(12,000)</u>
Total Operating Uses	<u>\$ 1,421,404</u>	<u>\$ 938,227</u>	<u>\$ (483,177)</u>
Recreation Development Capital	\$ 36,000	\$ -	

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Budgeted Fund Balances

	General Fund	Streets Fund	Transient Lodging (Bed) Tax Fund	Water, Wastewater, & Solid Waste	Grants, Trust, Gov Impact Fees, and Internal Service
Beginning Fund Balance	\$ 20,773,072	\$ 12,770,796	\$ 267,635	\$ 34,145,411	\$ 6,546,385
FY21 Budget					
Operating Surplus (Deficit)	1,222,669	8,914,476	(33,951)	10,046,648	896,730
Capital Expenditures and Transfers	(5,959,876)	(21,221,978)	(99,276)	(40,792,591)	(1,298,322)
Debt Issues	-	-	-	22,018,000	-
Ending Funding Balance	\$ 16,035,865	\$ 463,294	\$ 134,408	\$ 25,417,468	\$ 6,144,793
Ending Fund Balance Detail					
Operating (Policy)	\$ 7,658,057	\$ 463,294	\$ 134,408	\$ 4,675,642	\$ 690,496
Unassigned	5,453,808	-	-	-	-
Total Unassigned	13,111,865	463,294	134,408	4,675,642	690,496
Reserved					
Long-term Obligations	2,924,000	-	-	5,520,617	-
Capital Projects	-	-	-	15,221,209	2,908,199
Specific Programs	-	-	-	-	2,546,098
Ending Fund Balance	\$ 16,035,865	\$ 463,294	\$ 134,408	\$ 25,417,468	\$ 6,144,793

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Airport Capital Budget



FY21 Capital - Airport

	Budget
<u>Airport - City Only Funded Projects</u>	
Airport Pavement Preservation Program - City	157,133
Airport Master Lock System	150,000
Runway 3R/21L Extension Focused Planning Study	60,000
New Terminal - Furniture, Fixtures, and Equip	50,000
TSA Wing Removal	35,000
<u>Airport - Grant Funded Projects</u>	
TWY C Realignment, RIM & Hotspot Mitigation	9,000,000
Replacement Airline Terminal	8,864,640
Security Upgrades	1,750,000
New Terminal - Baggage Handling System	580,000
Runway 3R/21L Extension	500,000
	21,146,773

Funding Summary, FY21 Airport

	FAA	15,371,173
	ADOT	1,928,000
	General Fund/Airport	3,847,600

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Airport Capital 5 Year Plan

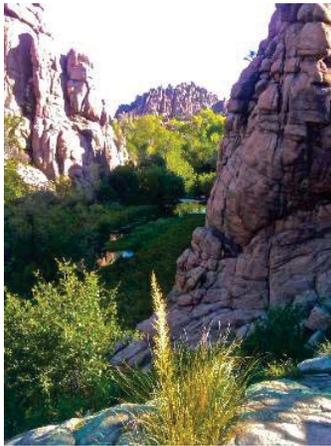
	FY2022	FY2023	FY2024	FY2025	FY2026
<u>Airport - City Only Funded Projects</u>					
Airport Pavement Preservation Program - City	\$ 1,165,405			\$ 248,468	\$ 190,916
New and Replacement Vehicles/Equipment	230,000	175,000	175,000	400,000	1,000,000
Bottleneck Hangar Complex Improvements	221,888				
Fuel System	100,000				
T-Shade Construction		1,000,000			
<u>Airport - Grant Funded Projects</u>					
TWY C Realignment, RIM & Hotspot Mitigation	5,525,000				
Runway 3R/21L Extension	2,000,000	3,800,000	20,000,000	20,000,000	
Runway 3L/21R Lighting and Signage	950,000				
Airport Pavement Maintenance System - ADOT	320,000		125,000		
ARFF, Airport Ops & Maint, and Snow Removal Equipment Storage Facility	250,000	800,000	8,000,000		
RWY 3L/21R PAPI's (Both Ends)	195,000				
Taxiway-D Rehabilitation	160,000	1,560,000			
Wildlife Hazard Assessment	150,000				
West Ramp Rehabilitation	85,000	565,000			
South Ramp and Perimeter Road Rehabilitation		1,000,000			
North Ramp Rehabilitation		140,000	1,400,000		
Terminal Expansion				100,000	1,000,000
Runway 12-30 Lighting and Signage Improvements					950,000
Total Airport Grants	\$ 9,635,000	\$ 7,865,000	\$ 29,525,000	\$ 20,100,000	\$ 1,950,000

Funding Sources

	General Fund/Airport	\$ 2,086,418	\$ 1,517,125	\$ 922,500	\$ 1,248,468	\$ 1,310,916
	FAA	7,528,750	5,628,750	27,930,000	19,000,000	950,000
	ADOT	1,737,125	1,894,125	847,500	500,000	880,000
Total Airport Funding Sources		11,352,293	9,040,000	29,700,000	20,748,468	3,140,916

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Public Safety and Recreation Services Capital Budget



FY21 Capital by Department

	<u>Funding</u>	<u>FY2020</u>
<u>Recreation Services</u>		
Open Space Acquisitions (carryover)	S	\$ 1,800,485
West Granite Creek Park Improvements (carryover)	G,IMP	1,000,000
Peavine to Glassford Hill Trail Connection Grant	GR	81,000
Goldwater Lake Ramada Refurbishment	G	20,000
Picnic Tables	IMP	15,000
Total		\$ 2,916,485
<u>Recreation Services - Golf Course</u>		
Golf Course Irrigation System Consulting (carryover)	GC	\$ 25,000
Centennial Center Equipment	GC	20,000
Manzanita Grill Equipment	GC	8,000
Total		\$ 53,000
<u>Fire</u>		
Fire Portable Radio Upgrade	G	\$ 395,000
Vehicle Replacement - Fire Department	G	275,000
Fire Drill Ground Improvements (carryover)	G	60,938
Fire Suppression Skid Unit (carryover)	G	45,600
Fire Records Management (RMS) carryover	G	20,667
Total		\$ 797,205

FY21 Capital by Department (cont.)

	Funding	FY2020
<u>Police</u>		
Vehicle Replacements (carryover)	G	\$ 755,661
Vehicle Replacements (new)	G	140,000
Fleet Cameras/Interview Room Cameras	G	76,000
Total		\$ 971,661
<u>Regional Communications</u>		
Replacement Consoles for Dispatch (carryover)	G	\$ 150,000
Total		\$ 150,000
<u>City Manager</u>		
Granite Creek Corridor Grant	GR	\$ 877,572
Total		\$ 877,572
<u>Community Development</u>		
CDBG Grants	GR	\$ 348,466
Total		\$ 348,466

FY21 Capital by Department (cont.)

Funding Summary	
General Fund (G)	\$ 2,438,866
Streets (S)	1,800,485
Grant Fund (GR)	1,307,038
Impact Fees (IMP)	515,000
Golf Course (GC)	53,000
Total Capital	\$ 6,114,389

Public Works Capital Improvement Program



Street Capital Projects

- Maintenance/Preservation/Rehabilitation Projects – Improvements to extend the life of the roadway pavement, curbs, gutters and sidewalks to provide quality transportation systems.
- Circulation Projects – New roadway, sidewalks, bicycle facilities and other extensions of existing infrastructure.
- Roadway Reconstruction Projects – Major improvements to existing roadways to improve operating conditions.
- Drainage Projects – Stormwater related projects to improve drainage flows to provide a reasonably safe environment from flooding and to meet FEMA and other regulatory requirements.

Preservation, Rehabilitation and Maintenance Projects

□ FY21 Budget - \$11,000,000

- Pavement Preservation Program
- Pavement Rehabilitation Program

Streets Fund



Street Circulation Projects

□ FY21 Budget - \$4,860,000

- Corsair Extension
- Willow Creek Curve Realignment
- Whispering Rock/Haas Blvd Signal

Streets Funds, Water Funds, Grant Funds



Roadway Reconstruction Projects

□ FY21 Budget - \$4,370,649

- Penn/Eastwood Streets
- Robinson Drive

Streets, Water, Wastewater Funds



Drainage Improvement Projects

□ FY21 Budget - \$190,000 FEMA Cooperative Technical Partners Grant
\$600,000 Flood Control District Funding (Pending)

- **Citywide Drainage Improvement Program**
 - Penn Eastwood Detention Basin
 - Hornet Drive
- **Citywide Floodplain Mapping**

Yavapai County Flood Control Funds, Streets Funds, FEMA CTP Grant



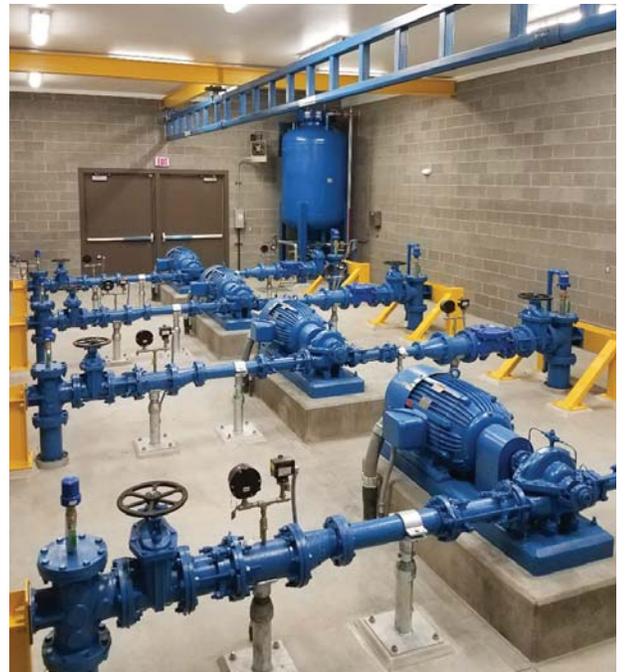
Water Capital Projects

- ❑ Water Production Projects – Installation, rehabilitation and replacement of wells, tanks and pump stations to ensure an adequate and reliable water supply to meet the City’s needs.
- ❑ Water Distribution Projects – Replacement and upsizing of water pipelines and components due to age, condition and maintenance history. Improve capacity, water quality and reliability of the water system.
- ❑ Water Quality Projects – TMDL and stormwater related projects to address water quality and drainage system management associated with regulatory requirements.

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Water Production Projects

- ❑ FY21 Budget - \$22,365,141
 - Intermediate and Booster Pump Station
 - Zone 41 Tank, Pump Station & Pipe
 - Zone 56 Pipeline – Tank/Pump Station
 - Production Well #5 AP
 - Zone 30 Pump Station
 - Zone 51 Water Main to NW Regional Tank



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Water Distribution Projects

- FY21 Budget - \$4,922,310
- Main Line Replacements
- Zone 24/27 Pipeline
- Sundog Ranch Rd Upsizing
- Downtown Water Main Replacement
- Quaka Crossing Water Main Upgrade



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Water Quality Projects

- FY21 Budget - \$75,000
- Total Maximum Daily Load Action Plan



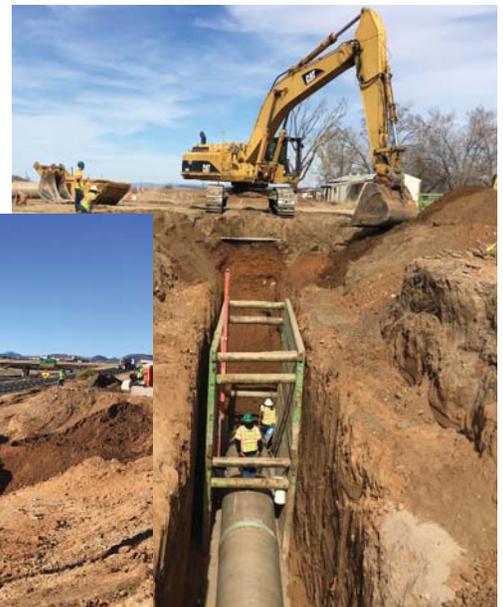
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Wastewater Capital Projects

- ❑ Wastewater Collection Projects –Rehabilitation, replacement and upsizing of mains, lift station improvements and lift station removals to assure the wastewater system capacity meets the City's needs and regulatory requirements.
- ❑ Wastewater Treatment Projects – Rehabilitation, modernization and expansion of treatment facilities. Centralization of treatment facilities for improved efficiencies.
(No budgeted projects in FY21)

Wastewater Collection Projects

- ❑ FY21 Budget - \$8,206,957
 - **Sundog Trunk Main (Phase B and C)**
 - **Centralization – SR 89 Lift Station**
 - **Willow Creek Gravity Sewer**
- Wastewater Funds, WIFA Loan



Total Public Works Capital

Street Capital Projects

Maintenance	\$ 11,000,000
Circulation	4,860,000
Roadway Reconstruction	4,370,649
Total	<u>20,230,649</u>

Water Capital Projects

Production	22,365,141
Distribution	4,922,310
Water Quality	75,000
Total	<u>27,362,451</u>

Wastewater Capital Projects

Collection	8,206,957
Total	<u>8,206,957</u>

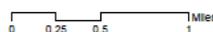
Other

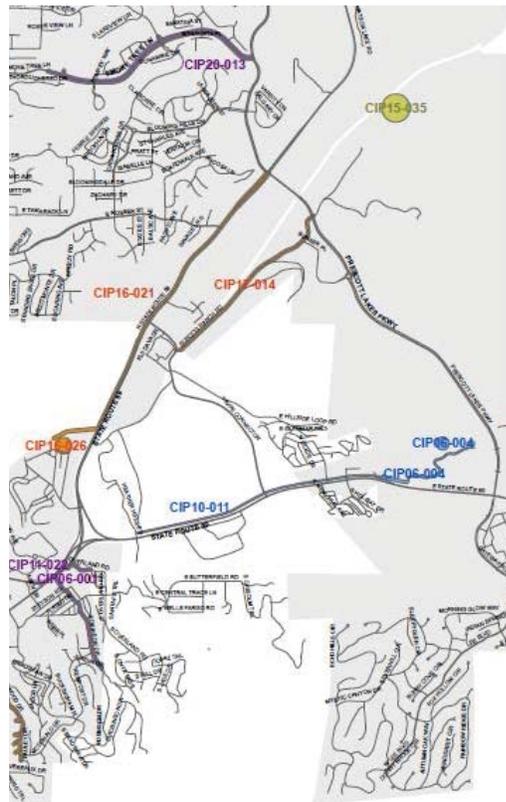
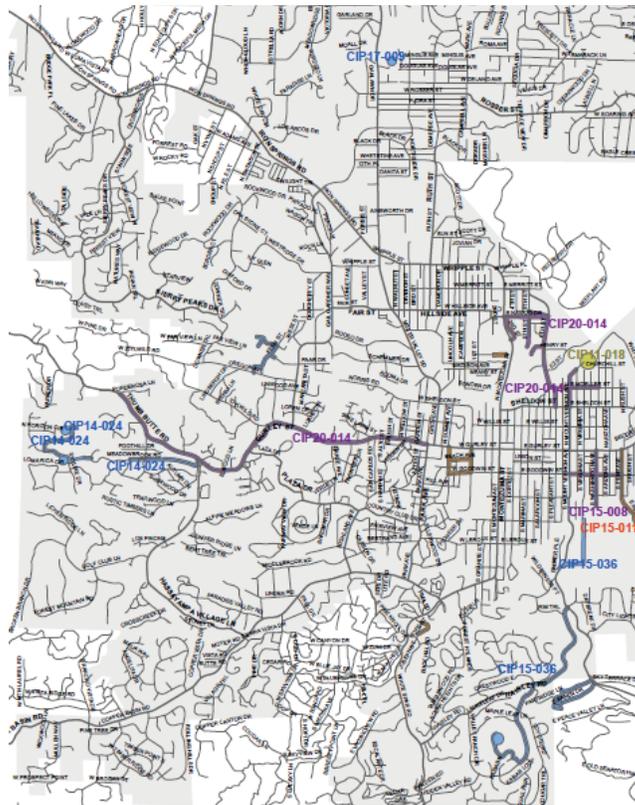
Vehicle Replacements	3,240,270
Misc Projects/Equipment	1,238,459
Total	<u>4,478,729</u>

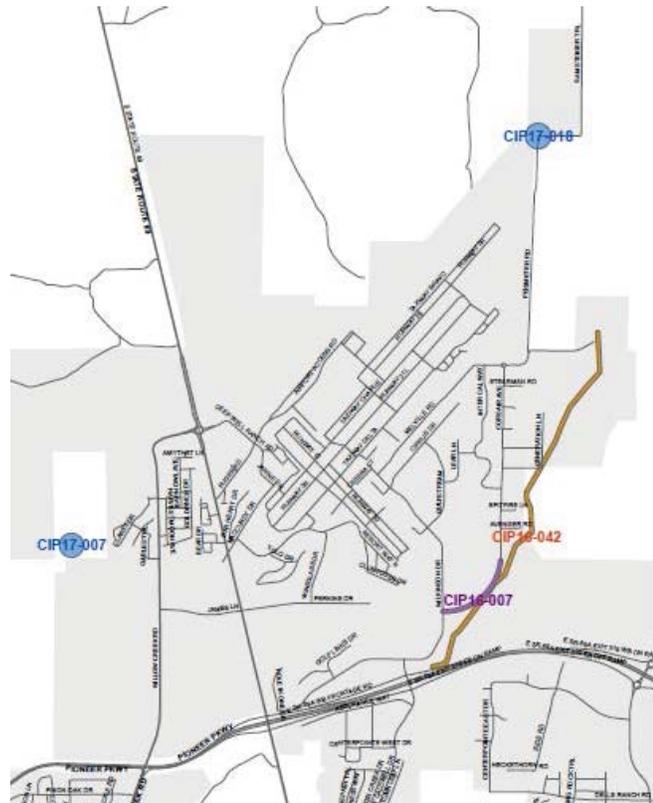
Total Public Works Capital \$ 60,278,786

City of Prescott Capital Improvement Projects

CIP_NUM	PRJCT_NAME
CIP06-001	Robinson Dr Reconstruct
CIP06-004	Zone 56 Tank & Piping
CIP10-011	SR 69 Corridor
CIP11-018	City Shop UST
CIP11-022	Overland Road Bridge Reconstruction- Government Canyon
CIP14-024	Zone 24 Zone 27 Watermain Upgrade
CIP15-008	S Washington & E Goodwin Pavement
CIP15-009	S Summit, S McCormick, Beach Ave Reconstruction
CIP15-011	Penn-Eastwood Pavement Reconstruct
CIP15-026	Hope Street Improvement Project
CIP15-035	Lake Water Quality Improvements- TMDL
CIP15-038	Zone 16 Water System Improvements
CIP16-007	Corsair Ave. Extension
CIP16-021	Sundog Trunk Main Phase B
CIP16-028	SR89 Lift Station
CIP16-031	Small Water Mains Mile High Park Addition
CIP16-042	Airport Trunk Main Ph 2B Sewer Improvements
CIP17-007	Water Production and Intermediate Pump Stations
CIP17-009	Zone 41, Mingus Pump Station, Tank and Pipeline
CIP17-014	Sundog Ranch Road Water Line
CIP17-018	Airport Well No. 5 Production Well
CIP1804-00	Chino Production Well #4 Rehabilitation
CIP1809-00	Small Water Mains Juniper Vista
CIP19-002	Chino Production Well #3 Rehabilitation
CIP20-013	Smoke Tree Pavement Repairs
CIP20-014	FY20 Chip Seal







Upcoming Steps in the FY21 Budget Process

- | | |
|-----------|---|
| 5/26/2020 | Annual Budget Workshop - Part 2 (if needed) |
| 6/9/2020 | Tentative budget adoption
Publishing of tentative budget |
| 6/23/2020 | Public hearing on budget and alternative expenditure limitation

Adoption of Final Budget by Council (separate meeting) |
| 7/14/2020 | Adopt property tax levies |